

Indo-Pacific Economic Framework for Prosperity (IPEF)

July 8, 2022

In news– Recently, US President Joe Biden officially launched the Indo-Pacific Economic Framework for Prosperity (IPEF) in Tokyo.

What is IPEF?

- **Conceived and led by the United States, the IPEF has 13 founding members**, including Australia, Brunei, **India**, Indonesia, **Japan**, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.
- Together, these countries account for **40 per cent of the global GDP**.
- **The economic framework broadly rests on four pillars:** Trade, supply chain resilience, clean energy and decarbonisation, and taxes and anti-corruption measures.
- It **intends to “advance resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness” in these economies**.
- Through this initiative, members aim to contribute to cooperation, stability, prosperity, development, and peace within the region.
- The grouping was born from a collective desire to make the Indo-Pacific region an engine of global economic growth, calling for common and creative solutions to tackle economic challenges in the region.
- **Apart from China, three ASEAN countries (Cambodia, Laos, and Myanmar) are also not part of the IPEF.**
- **However, countries are free to join (or not join)**

initiatives under any of the stipulated pillars but are **expected to adhere to all commitments** once they enrol.

- Negotiations slated to begin after the launch are meant to determine and list the provisions under each pillar and open the floor for countries to choose their 'commitments'.
- Additionally, the **framework is open to other countries willing to join in the future** provided they are willing to adhere to the stipulated goals and other necessary obligations.

Indo-Pacific region-

- Based on maritime geography, **the Indo-Pacific refers to a contiguous zone encompassing the Pacific and Indian Oceans.**
- **The geographic boundaries of the Indo-Pacific could stretch from East Africa** to the west coast of the US and encompass a large number of countries at varying stages of development, with distinct policy agendas and divergent interests.
- **The economic rise of India and the massive increase** in maritime trade passing through the Indian Ocean have helped make the Indo-Pacific a geopolitical and geoeconomic construct.
- Currently, the Indo-Pacific is the most contested maritime zone in the world because of the growing strategic rivalry between the US and China and the security interests of other key players in the region.
- **The region accounts for more than 60% of the global GDP, and almost 50% of the global merchandise trade** passes through its waters.
- **The region includes the world's four big economies: the USA, China, Japan, and India.**

USA's role in the region-

- **Since the launch of the "Pivot to Asia" strategy (the**

rebalancing towards Asia-Pacific) by the Obama administration in 2011, the US has intensified its engagement with the wider Asia-Pacific region to advance its economic and geopolitical interests.

- **The Trans-Pacific Partnership (TPP) was the centrepiece of Obama's strategic pivot to Asia** and the Indo-Pacific Economic Corridor was also part of this strategy.
- However, the **Trump administration's 'Free and Open Indo-Pacific' strategy (FOIP)** was a major departure from Obama's policy of "rebalancing to Asia" and coalition-building in the region.
- Under the banner of the **'America First' vision**, the Trump administration took a transactional approach to trade matters that alienated some of its close allies in the region.
- In contrast, the **Biden administration wants to revive the "Pivot to Asia" strategy** with a **renewed focus on building partner coalitions** and developing a collective response to curtail the rapidly growing influence of China in the region.
- **During the East Asia Summit in October 2021 the Biden administration conceived the IPEF with two broad objectives:** to reclaim the United States' role as a standard-setting nation and to compete with Chinese economic dominance in the Indo-Pacific region.